

12th Annual Report 2001-2002

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Gee Gee Granites Limited



GEE GEE GRANITES LIMITED

REGISTERED OFFICE & FACTORY

23, NOCHIMEDU VILLAGE,
NEMAM, POONAMALLEE TALUK
TIRUVALLUR DISTRICT - 602 107

ADMINISTRATIVE OFFICE

'GEE GEE MINAR'
23, COLLEGE ROAD,
NUNGAMBAKKAM,
CHENNAI-600 006

ANNUAL GENERAL MEETING

Date : 27th September, 2002
Day : Friday
Time : 4.35 p.m.
Place : 23, Nochimedu Village,
Nemam, Poonamallee Taluk,
Tiruvallur Dist. 602 107.

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DIRECTORS

G. HARESH CHAND
Managing Director

SHYAM G. DUSEJA

GOPICHAND IDANDAS

GORDHANDAS IDANDAS

T. SHANMUGAM

SUNIL G. DUSEJA
Whole-Time Director

AUDIT COMMITTEE

G. HARESH CHAND
T. SHANMUGAM
GOPICHAND IDANDAS

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 their Folio in all correspondence and also to bring with them the Attendance slip which may be surrendered at the entrance duly signed.



DEAR SHAREHOLDER

YOU CAN DEMAT YOUR SHARES NOW.

The company has retained the services of Cameo Corporate Services Limited, Chennai for dematerialisation of the company's shares. Members are advised to send their dematerialisation request to the company's administrative office at 23, College Road, Nungambakkam, Chennai-6 if not already done. The International Securities Identification Number (ISIN) allotted to the company is INE164F01015.

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NOTICE TO THE MEMBERS

NOTICE is hereby given that the TWELFTH ANNUAL GENERAL MEETING of the Company will be held on Friday, the 27th September, 2002 at 4.35 p.m. at the Registered Office of the Company at 23, Nochimedu Village, Nemam, Poonamallee Taluk, Tiruvallur District - 602 107, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2002 and 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.Sunil G. Duseja, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Sri.Gopichand Idandas, 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.

SPECIAL BUSINESS

5. To consider and if thought fit to pass the following with or without modification as ordinary resolution.

"Resolved that pursuant to provisions of sections 198, 269, 309 and other applicable provisions if any of the Companies Act, 1956 read with schedule XIII, to the Companies Act, 1956 the consent of the members be and is hereby granted for the reappointment and payment of remuneration to Mr. G. Haresh Chand as managing director, for a further period of five years with effect from 17.7.2002 on the following terms and conditions.

1. Salary

Rs. 25,000/- per month which may be increased by such amount as the board of directors may decide from time to time subject to the ceiling prescribed in schedule XIII to the companies act, 1956.

2. Perquisites

Housing : Expenditure of the company on hiring unfurnished accomodation in chennai subject to a ceiling of 60% of the salary over and above 10% payable by the appointee.

If the company does not provide accomodation to the managing director, he shall be entitled to a house rent allowance of 50% of the salary.

The expenditure on gas, electricity, water and furnishing shall be valued as per the Income Tax Rules, subject to a ceiling of 10% of the salary.

Medical reimbursement : Reimbursement of actual expenses incurred for self and family, total cost of which shall not exceed one month salary in a year or five month salary over a period of five years.

Leave : On full pay and allowance as per rules of the company subject to a ceiling of 6 weeks leave for every year of service.



Passage benefits : 1 class passage once a year and freight for self and family all payable in rupees in India.

Club fees : Fees of clubs subject to a maximum of two clubs provided that no membership fee or admission fee is paid.

Personal accident insurance : Of an amount the annual premium of which shall not exceed Rs.4,000/- .

Provident fund and superannuation fund: Company's contribution towards provident fund, superannuation fund or annuity fund as per the rules of the company.

Gratuity : As per the rules of the company subject to a ceiling of half month salary for every year of completed service.

Car & telephone : Free use of car and free telephone facility at residence for company's business.

The total value of the perquisites shall be restricted to the annual value of the salary.

By order of the Board,
for **Gee Gee Granites Limited,**

Place: Chennai
Date : 30.06.2002

G. Haresh Chand,
Managing Director.

NOTE:

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 26th September, 2002 to 27th September, 2002 (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. **R** Members are requested to intimate change in their address, if any, immediately to the Company at its Registered office quoting their folio numbers.

Explanatory statement pursuant to section 173 of the Companies Act, 1956.

Item 5 : Mr. G. Haresh Chand was appointed as the managing director for a further period of five years with effect from 17.7.1997 and his tenure as managing director expired on 16.7.2002. Your board of directors have subject to the approval of the members at General meeting reappointed Mr. G. Haresh Chand as managing director for a further period of five years with effect from 17.7.2002 and payment of remuneration on the existing terms and conditions as stated in the resolution.

Hence the above resolution is placed for your consideration.

Mr. Gordhandas Idandas and Mr. Shyam G. Duseja directors of the company are interested in the above resolutions, in addition to Mr. G. Haresh Chand.



DIRECTORS' REPORT

Your Directors have pleasure in presenting the Twelfth Annual Report and the Audited Accounts for the financial year ended 31st March, 2002.

FINANCIAL RESULTS:

	2001-2002	2000-2001
	(Rupees in lakhs)	
Sales – Export	546.48	264.53
Local	27.79	23.19
Other Income	77.36	9.03
Total Income	651.63	296.75
Profit / (Loss) before Depreciation & Tax	71.91	26.11
LESS : Depreciation	35.04	(33.67)
Net profit / (Loss)	36.87	(7.56)
LESS : Provision for taxation	Nil	Nil
Profit / (Loss)	36.87	(7.56)
ADD : Carried forward Surplus / (Deficit) from Previous year	(683.48)	(675.92)
Net Profit / (Loss) taken to Balance Sheet	(646.61)	(683.48)

DIVIDEND

With a view to conserve the profit, your Directors do not recommend any dividend for the current year.

REVIEW OF OPERATIONS

The continued economic slow down in India and the recessionary conditions in several countries induced stagnancy and reduced demand. Despite the tough market conditions prevailing in international markets, your Company was able to double its Sales.

Your company's turn-over for the current year just ended has increased from Rs.287.72 Lakhs to Rs.574.27 Lakhs which is an increase of 100%. The company added a third Gangsaw which became operational from the last quarter of this year. The increase in sales was also achieved because of several factors like development of new markets, introduction of new varieties of Granite, increased Production and the new marketing strategy evolved and above all because of the support of our staff, executives and factory workers.

Though your company was able to achieve increase in its sales volume, its margins were under pressure due to severe competition from other granite exporting countries. Ongoing initiatives in the areas of cost reduction, increased production, market development and quality control have enabled your company to retain its competitive edge.

Your company made a modest profit of Rs.36.87 Lakhs after taking a sum of Rs.77.36 Lakhs as other income into account. The other income represents 10% of the interest



waiver taken into current year's account which was secured from IDBI and SBI.

FUTURE PROSPECTS

Our new marketing strategy is already in place and would see the benefits of it in the coming financial year with substantial increase in sales. The additional production from third Gangsaw would also help us add a reasonably good figure to the top and bottom line.

Despite the uncertainties from the acts of global terrorism, there have been promising signs of recovery in the U.S. market which is the biggest market for your company's products. The housing industry is witnessing a boom time because of its historically low mortgage rates. With the increase in demand for housing in U.S., our company's products are bound to adorn the facades and interiors of hundreds of new homes across United States of America.

THE SICK INDUSTRIAL COMPANIES (SPECIAL PROVISIONS) ACT 1985.

The rehabilitation scheme formulated by the Company in consultation with IDBI and SBI was sanctioned and approved by the Hon'ble Board for Industrial and Financial Reconstruction (BIFR) in March 2002. The company is meeting its financial obligations as per the sanctioned scheme. The company is quite confident that it will be able to honour all its commitments under the scheme. By the financial year 2003-2004 the scheme will be fully implemented.

DEMATÉRIALISATION OF SHARES

As per the amended listing agreements with the stock exchanges, your company has got the approval from the National Securities Depository Limited (NSDL) for dematerialisation of our shares which should make the transfer process very simple, transparent and quicker. Approval from Central Depository Services (India) Limited (CDSL) is expected shortly. Therefore shareholders can take advantage of the Demat facilities and hold the shares in Demat form.

DEPOSITS

Your company has not accepted any deposits from the public.

DIRECTORS

The Directors Sri.Gopichand Idandas and Sri.Sunil 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**A. CONSERVATION OF ENERGY**

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

Running hours of the 640 KVA genset was closely monitored so that whenever loads for lighting and power were less, the smaller generator (55 KVA) was put into use, effecting a saving of about 20 to 30 ltrs. of diesel per hour.

Apart from the above we have installed an automatic level controller for the overhead tank, which controls the running hours of the pump which is just enough for the requirements.

With the introduction of Magnum Ultra Gangsaw, the company expects to save substantially on energy consumption.

B. TECHNOLOGY ABSORPTION

The Company has adopted the latest state of the art plant and machinery and these machineries are currently available all over the world. Your company has also installed the latest Magnum Ultra Gangsaw from Italy which will boost our production, reduce sawing time and improve the quality of sawing tremendously. It will also give us a lot of savings on energy consumption.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

1. Your company being 100% Export Oriented Unit, the production has been exported to highly quality conscious countries such as U.S.A., U.K., Hongkong, Singapore, Australia and Indonesia.
2. The total foreign exchange used and earned:

Earning in foreign currency	: Rs.546.48 lakhs
Outgo in foreign currency	: Rs.135.58 lakhs

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors Confirm

- i. that in the preparation of the annual accounts, the applicable accounting standards have been followed.
- ii. that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2002 and of the Profit of the Company for that year;