



Gee Gee Granites Limited

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13th Annual Report 2002-2003



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 : 26th September, 2003
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

T. SHANMUGAM
GOPICHAND IDANDAS
SHYAM G. DUSEJA

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.

REGISTRAR & TRANSFER AGENT

Cameo Corporate Services Limited
"Subramanian Building" 1, Club House Road,
Chennai - 600 002.

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.

**NOTICE TO THE MEMBERS**

NOTICE is hereby given that the Thirteenth Annual General Meeting of the Company will be held on Friday, the 26th September, 2003 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 :

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2003 and the Profit and Loss account for the year ended on that date together with the schedules and notes attached there to and the reports of Directors and Auditors.
2. To appoint a Director in place of Sri. T. Shanmugam, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Sri. Gordhandas 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.

By Order of the Board
for **Gee Gee Granites Limited**

Place : Chennai
Date : 30.6.2003

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 25th September, 2003 to 26th September, 2003 (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 the compilation of information.
4. Members are requested to intimate change in their address, if any, immediately to the Company at its registered office quoting their folio numbers.



DIRECTORS' REPORT

Your Directors have pleasure in presenting the Thirteenth Annual Report and the Audited Accounts for the financial year ended 31st March, 2003.

FINANCIAL RESULTS :

	2002 - 2003	2001-2002
	(Rupees in lakhs)	
Sales - Export	679.82	546.48
Local	24.10	27.79
Other Income	108.92	77.36
Total Income	812.84	651.63
Profit / (Loss) before Depreciation & Tax	114.45	71.91
LESS : Depreciation	39.82	35.04
Net Profit / (Loss)	74.63	36.87
LESS : Provision for taxation (Deferred tax)	11.21	Nil
Profit / (Loss)	63.42	36.87
ADD : Carried forward Surplus / (Deficit) from Previous Year	(646.61)	(683.48)
Net Profit / (Loss) taken to Balance Sheet	583.19	(646.61)

DIVIDEND

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

BUSINESS ENVIRONMENT

Economic growth in India slowed to about 4% in 2002-2003. This is below 6% level of the late 90's and well short of the target of 8%. Our results of 2003 have been encouraging in the face of a challenging market scenario.

Exports from India increased 18% to touch a record USD 51.7 billion with import also growing at 17% during 2002-2003.

However, India's foreign exchange crossed USD 80 billion because of higher exchange earnings on account of service sector and overseas remittances.

The ongoing economic reforms continued albeit at a slower pace. The proposed introduction of VAT was postponed affecting commercial activity across the country in March 2003.

The growth in the global economy continued to be sluggish and the high oil prices during the later part of the year affected the growth rates of many developed economies. Under the circumstances the Indian economy did relatively well to withstand these pressures through growth in industry and service sectors.

REVIEW OF OPERATIONS

The market environment continues to be very competitive. Within the challenging competitive market conditions, your company continues to deliver excellent results. During the year under review, your company recorded total revenues of Rs. 812.84 lacs comprising Income from Exports of Rs. 679.82 lacs, Rs. 24.10 lacs as DTA sales and Rs.108.92 lacs as other income, an increase of almost 23% in Sales. The other income includes 20% of the Interest Waiver taken into current year's account which was secured from IDBI & SBI and other sundry income.

Net Profits have gone up from Rs. 36.87 lacs to Rs. 63.42 lacs, an increase of almost 70%.

Though your company was able to 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.

FUTURE PROSPECTS

Our new marketing strategy which was put into place last year has already given us the desired flip in the Exports and further fine tuning will see substantial increase in exports in the coming financial year.

The additional production from new Gangsaw Machine would also help us add reasonably good figure to our top and bottom line.

The US market which is the biggest market of our Company's products is witnessing a rapid turn around and showing tremendous signs of recovery. With the declining interest rates in USA, massive surge in housing industry is being witnessed, as a result, we expect huge orders for your company.

Your 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. During the year under review, The company has paid a sum of Rs. 54.00 lacs to Industrial Development Bank of India and the deficit for the year ended 31.03.2003 will be made shortly. The company has also paid a sum of Rs. 47.17 lacs to State Bank of India and the deficit for the year ended will be made shortly. The company is quite confident that it will be able to honour all its commitments under the scheme by the financial year 2003-2004, by which time, the scheme will be fully implemented.

DEMATERIALISATION 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. Therefore shareholders can take advantage of the Demat facilities and hold the shares in Demat form. Number of share holders have already opted for the Dematerialisation of shares and expect other share holders to demat soon.

DEPOSITS

Your company has not accepted any deposits from the public.

DIRECTORS

The Directors Sri. Gordhandas Idandas and Sri. T. Shanmugan, 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 provision 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 earned and used :

Earning in foreign currency	:	Rs. 679.82 lakhs
Outgo in foreign currency :		
Import of materials	:	Rs. 129.44 lakhs
Travelling and other expenses	:	Rs. 3.31 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 2003 and of the Profit of the Company for that year;
- iii. that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. that the Directors have prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE

As per the amended Listing Agreements with the Stock Exchanges, your company is required to comply with the requirements of Corporate Governance by 31st March 2003. A Separate discussion on Corporate Governance is appended.



AUDIT COMMITTEE

The company had reconstituted the audit committee comprising of two non-executive Directors viz Sri. Shyam G. Duseja and Sri.Gopichand Idandas with Independent Director Sri. T. Shanmugam, as the Chairman of the committee.

LISTING OF EQUITY SHARES

The Company's equity shares are listed on the Chennai and Mumbai stock exchanges and the Company has paid the annual listing fee to the stock exchanges. The company's shares can now be traded in Demat form.

ACKNOWLEDGEMENT

Your Directors take this opportunity to thank the Industrial Development Bank of India, Chennai and our Bankers the State Bank of India, Overseas Branch, Chennai for extending their maximum co-operation and timely financial assistance. Your Directors also wish to place on record their appreciation for the co-operation received from Central and State Government organisation and also from the dedicated management team and the employees of the Company.

Place : Chennai
Date : 30.6.2003

for and on behalf of the board,

G. Haresh Chand,
Chairman

REPORT ON CORPORATE GOVERNANCE

a. Company's Philosophy on Code of Corporate Governance

The Company firmly believes in its commitment to transparency in all its dealings and to provide high quality products and services to its customers, stake holders and all others concerned.

b. Board of Directors

The Board of Directors of the company consists 6 directors of whom 4 are non-executive directors. Of the 4 non-executive directors 1 is an independant director.

1. Composition of Board of Directors (As on 31st March 2003).

Name of the Director	Business Category	Relationship
Mr.G.Hareshchand	Managing Director	Executive
Mr.Sunil G.Duseja	Wholetime Director	Executive
Mr.Shyam G.Duseja	Director	Non-executive
Mr.Gopichand Idandas	Director	Non-executive
Mr.Gordhandas Idandas	Director	Non-executive
Mr.T.Shanmugam	Director	Non-executive Independant

Except the Managing Director other directors retire by rotation.

2. Board Meetings/Attendance of Directors.

During the year 2002-2003 4 meetings of the Board of Directors were held. The attendance of the directors at the Board meetings and the Annual General Meeting held on 27.9.2002 is as under.