

GEE



GEE Limited

45th Annual Report 2005-06

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Chairman's Message



Dear Shareholders,

You would be delighted to read the pages that follow in this Annual Report as we have arrived at a turnover of Rs. 35.07 Crore, an increase of 40% on the earlier year and have generated on this billing, a profit of Rs. 1.11 Crore which is 102.84% over the earlier year.

At this moment of pride and accomplishment, we wish, we could exchange smiles and handshakes with all of you in the GEE business network and metal-bashing industry for helping us achieve these dramatic results. Looking at it from a different position, we must say that the operational freedom every GEE hand enjoys here in the spirit of innovation and pursuit of excellence, has contributed considerably to this gigantic growth, that has been gained this year.

Based on the confidence derived from this fast track growth prospects we take pleasure in announcing the rights issue in the ratio of 4:1 which means an offer of four equity shares for every single equity share held on record date and that too at a premium of Rs. 5/- per share.

It is really a comforting situation that ours is the

second fastest growing economy of the world with the largest talent pool. Added to this, there is an increasing trend in the developed world to shift major, heavy and critical fabrication to Indian shop floors to benefit from low-wage, high-tech production. Small wonder then, industry circles abroad, label India as the factory of the world.

We see tremendous developments taking place on our home ground too, both in terms of greenfield projects as well as expansion of existing ones. These are in the sectors of infrastructure, rail-road network including rolling stocks, automotive, power, nuclear, oil and gas including pipelines, wind energy, fertilisers & chemicals, mining and space programmes, to mention a few.

The scenario we paint here, is the result of close and continuous assessment by our experts in mapping market potential and micro-focusing on opportunity areas. And all of us at GEE know for a fact that we have to compete very closely with many players in the field - ranging from high-power brands to private labels.

Our close watch on industrial developments and demand thereof for welding products has prompted us to expand our capacity by way of new electrode plant at Kolkata in West Bengal and at Kalyan in Maharashtra. And you will be happy to know that we expect these production units to go on stream latest by December '06.

Improvements have been made in the packing line. We have in addition, made product portfolio improvements with the introduction of new electrodes through our R&D efforts. Expanded distribution network to improve on coverage and appointment of additional welding experts to reach out to end-users well in time, are some of the other new initiatives we have adopted.

We have come all the more closer now with our European and Korean associates, and their electrodes, continuous wires and fluxes are increasingly in use at high-tech fabrication shops across the country. Our specialists make frequent visits abroad for technology updates and for export promotion. You will thus see continuous improvements being pursued in all facets of GEE's operations.

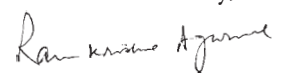
Look at our growth trajectory. Here we have made rapid improvements on the quality aspects as well of our

operations. Our field teams, which are closely focused, have risen to the occasion networking intensely in a seamless operation. This has helped us ward off competition to an extent and improve on sales performance considerably

GEE, as you know practices a mutually beneficial relationship between employees, customers, vendors and shareholders. Employees are bent upon producing better products at lower prices to delight the customers and at the same time enabling sales to grow with a fair amount of profits to increase shareholder value. Customers and employees likewise enjoy the rewards of GEE's continuing success.

You will agree GEE is doing its best to make a quantum leap in sales this year as well, to keep pace with its upward performance trend. We feel sure, we can enlist your co-operation and confidence in our thrust for wide operations.

Yours sincerely,



R K Agarwal
Chairman

Board of Directors

R K Agarwal
Chairman

S L Agarwal
Executive Director

M P Dhanuka
Executive Director (Marketing)

S M Agarwal
Wholetime Director

G K Saraf
Director

Sujit Sen
Director

Ashok Kumar
Director

P Bhaumick
Director

K M Panthaki
Director

Auditors

M/s Ford, Rhodes, Parks & Co
Chartered Accountants

Registrars & Share Transfer Agents

Sharepro Services India Pvt Ltd
'Satam Estate' Above Bank of Baroda
Chakala, Andheri (East), Mumbai-400 099

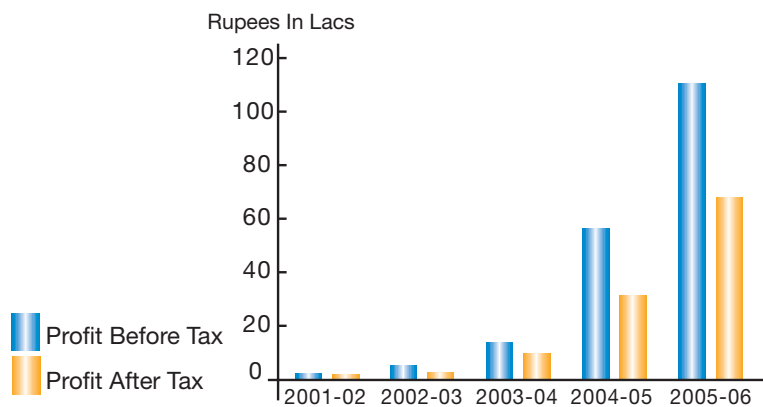
Bankers

The Thane Janata Sahakari Bank Ltd
ICICI Bank Limited

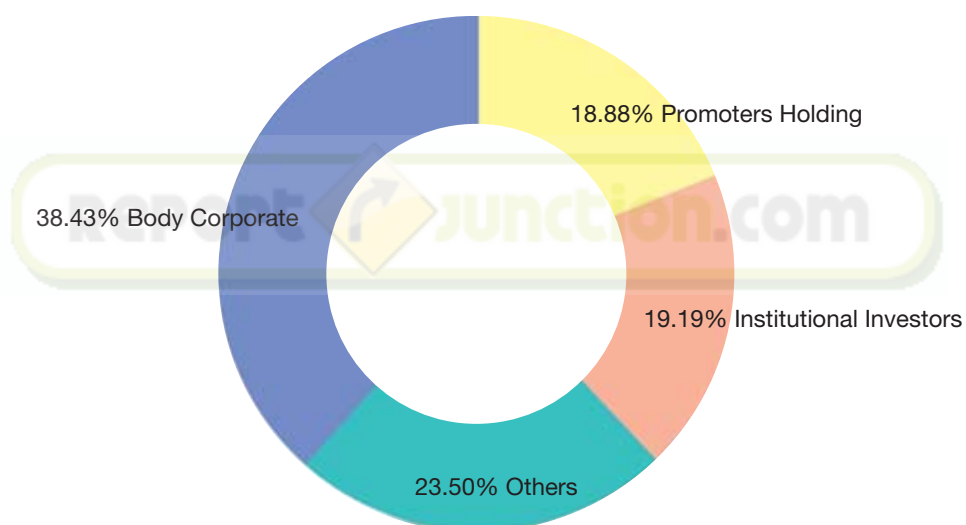
Registered Office

Plot No : E-1, Road No : 7
Wagle Industrial Estate
Thane-400 604 (West)

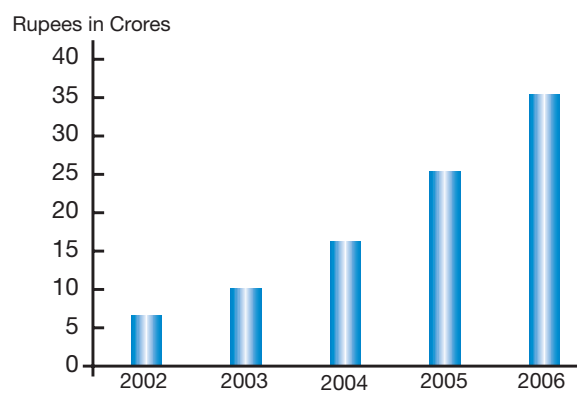
Profit



Shareholding Pattern



Turnover



“We help our customers succeed by offering them superior products and employing a value-added approach, along with the expertise that comes from being the leader in the welding industry.”

GEE's vision focusses on enhancing Business and Customer Orientation

Customer expectations and requirements are met through the combined success of GEE's technical know-how, teamwork, service philosophy, and a strong commitment to excellence in the products and services we provide. Our focus and commitment towards delivering "value" to our Customers has been, and continues to be, our primary objective. “We help our customers succeed by offering them superior products employing a value-added approach, along with the expertise that comes from being the leader in the welding industry.”

GEE uses its observation techniques and activities to maintain quality

Quality manifests in all the operations at GEE. We don't compromise at any step of our manufacturing process, starting right from the point of procurement of Raw Materials to the finished product. This includes Packing & Delivery to the end user. This attitude of GEE has earned itself the ISO 9001 : 2000 accreditation for the Thane factory. For the finished products we have approval from highly revered agencies like Lloyds, Bureau Veritas, Det Norske Veritas, ISI, Bureau of shipping etc. as per industry norms.

GEE is going for sustained growth in terms of capacity

Continued Global Progress and our strong and expanding footprint in all the major market regions is serving us well. Even during the economic downturn of recent years, we continued to make the necessary



Welding products play a crucial role in the development of important structures around the world, such as bridges, oil-production facilities, and a wide range of other building infrastructure and commercial construction projects.

now we are seeing these investments pay off. Most significantly, we continue to expand our capacity to serve the market. We have already achieved a capacity of 10,000 MT per annum and are in a process of gradually increasing it to the optimum level. We are coming up with new manufacturing units at Kalyan in Mumbai and Kolkata in West Bengal very soon.

GEE's interaction with the global welding market has proved to be fruitful

An increased demand has led us to outsourcing of welding consumables & equipments which is paying well and we have experts who identify & interact with their counterparts in EUROPE & ASIA as well to fulfill our requirements through imports.

GEE's export-orientation is for a long term presence in the world market

We are also exploring exports & have already exported welding products to Middle East and African Countries We are expecting a steady growth in this Sector.

A Definition of Welding

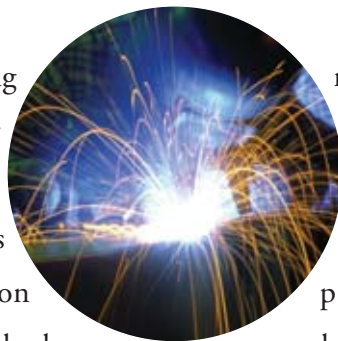
Welding is a joining process that produces a local coalescence of materials by heating, by applying pressure, or both. In essence, the welding process fuses the surfaces of two distinct elements to form a single unit. It encompasses a broad range of joining techniques that include fusion welding, solid state welding, weldbonding, diffusion welding, brazing, and soldering.

The Scope and Impact of Welding

Welding dates back to the earliest days of metalworking, and continues to be widely applied today due to its cost effectiveness, reliability and safety. When compared with other joining methods, such as riveting and bolting, welded structures tend to be stronger, lighter-weight, and cheaper to produce. More than 100 processes and process variants comprise the family of welding technologies, and include methods for welding metals, polymers and ceramics, as well as emerging composite and engineered materials. These various technologies allow a great deal of flexibility in the design of components to be welded. They also encourage designing for optimal cost-effectiveness in productivity and product performance. Welding and joining technologies pervade commercial and defense manufacturing, and are a significant source of value-addition in the manufacturing process. Occurring late in the manufacturing stream, the joining process is typically the final step in assembly and plays the major role in ensuring structural performance. Additionally, the emergence of near-net-shape processes to produce sub-components has raised the importance of assembly processes as the next area for increased production efficiency. The role of welding and joining in the repair and life extension of manufactured products is even more critical since these processes are frequently used to repair structures and components that were not originally welded.

GEE is committed to excellence and delivering better products

Taking advantage of its engineering prowess and experience accumulated over many years, GEE has grown as a high-tech company with solid accomplishments achieved in the domain of super precision Welding Electrodes. We have some of the best technocrats our company boasts of leading to a good percentage of share in the welding electrode market, indicative of our steady climb toward being at the top of this field. With the help of state of the art equipments



right from wire drawing and cutting, make-ready of flux, extrusion press and automatic name printing and packing including the much popular vacuum packing we have been able to present ourselves as a company with a technological edge.

With an eye toward the top, GEE is ready to take on all the competitors in the market and by the end of the coming financial year we will be able to achieve the targets we have set.

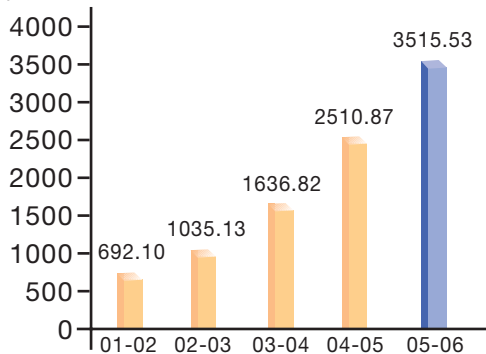
Finanacial Highlights

Rs. in Lacs

	2005-06	2004-05	2003-04	2002-03	2001-02
Sales & Other Income	3515.53	2510.87	1636.82	1035.13	692.10
Total Expenditure	3439.10	2465.80	1596.17	1003.40	729.77
Earning Before Depreciation, Interest & Tax	168.88	113.59	61.93	70.64	64.25
Interest	45.54	45.12	39.37	57.11	52.31
Depreciation	12.40	12.23	9.01	8.53	9.96
Profit Before Tax	110.93	56.24	13.54	5.00	1.97
Taxes paid to the Govt.	43.15	24.89	3.73	2.45	0.15
Profit After Tax	67.78	31.35	9.81	2.55	1.82
Equity Share Capital	47.40	47.40	47.40	47.40	47.40
Reserves and Surplus	203.46	135.68	104.33	94.52	100.45
Net Worth	204.40	136.62	105.27	95.46	101.39
Gross Fixed Assets	713.04	447.37	425.59	395.73	391.77
Net Fixed Assets	442.49	189.22	177.76	156.01	160.58

Sales & Other Income

Rupees In Lacs



Net Worth

Rupees In Lacs

