

GEE Limited



reportjunction

46th
Annual Report 2006-07

C

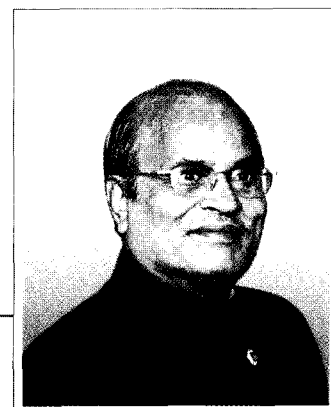
Contents

Board of Directors	3
Financial Highlights	4
Mission & Vision Statement	5
Change of Corporate Logo	6
New Plants	7
Newly Developed Welding Consumables	8
Five Years at a Glance	9
GEE Limited	
Directors' Report	10-15
Report on Corporate Governance	16-26
Auditors' Report	27-29
Balance Sheet, Profit & Loss Account	30-31
Cash Flow Statement	32-33
Schedules, Balance Sheet Abstract	34-48
Vishwamaya Syntex Limited	
Directors' Report	49-50
Auditors' Report	51
Balance Sheet, Profit & Loss Account	52-53
Schedules, Balance Sheet Abstract	54-56



C

hairman's message



Dear shareholders,

I am happy to report that your Company has achieved remarkable results for the year 2006-2007. The turnover has risen to Rs. 438 million, as compared to Rs. 350 million in the previous year. The net profit also has gone up commensurately to Rs. 12 million which is 76% over the earlier year.

It is heartening to note that your Company has converted the annual turnover of Rs. 40 million during the year 1997 into the average monthly turnover for the year under review. What an achievement! Let us all be proud of this performance. The momentum is continuing in the current operational year as well. For the first quarter, we have achieved an average monthly billing of Rs. 60 million. Barring unforeseen circumstances, it is expected that we shall achieve annual turnover in excess of Rs 800 million, i.e., a growth of over 65% over 2006-2007, which is again a commendable performance.

We have, during the year, raised resources by way of rights issues in the ratio of 4:1 at a price of Rs.15 per share and have recently concluded preferential allotment of 2,00,000 equity shares and 1,00,000 convertible share warrants @ Rs. 160 and Rs. 175 respectively.

Your Company has set up two new plants; one at Kolkata, with a production capacity of 6000 MT and the other at Kalyan (Maharashtra), with a production capacity of 7200 MT. The Kolkata plant has already become operational and the Kalyan plant is expected to be operational soon.

We are making vigorous efforts to automate both the plants in terms of flux batching and packing line to enhance the productivity and reduce delivery cycle time.

Once the Kalyan Plant becomes fully operational, we plan to shift the present manufacturing facility located at Thane to Kalyan, with a view to develop the Thane land in the best interest of the Company. This would, in the years to come, provide a new revenue stream to the Company.

To improve the market access and sales volume, we are concentrating on product innovation. Within a short span of time we have developed a series of welding consumables, for which so far there are no close substitutes. To name a few, electrodes and fluxes for use in building warships, aircraft carriers; super duplex Stainless Steel electrodes for use in Refineries and



Petro-chemical plants. The list also includes newly developed electrode formulations for application in shipyards, rail joints, cement and sugar industries and many others. The underlying strength of our prolific electrodes development activity resides in our metallurgical prowess, which is much above industry standards.

To improve market reach and quality standards we have added a good number of qualified and experienced hands in recent months. The Company gives utmost attention to the human resource development.

Indian economy is surging forward at a rapid pace. Major shop floors and sites are busy with fabrication jobs round-the-clock. Developed countries are setting a new trend by shifting jobs to Indian shop-floors and sites to benefit from high-tech, low-cost welding. Existing industries like shipping, steel, power, cement, refinery, cross-country pipeline, railroads, telecom, mining, nuclear energy and many others are on an expansion spree. Thus, we have an opportunity galore for our welding consumables business.

Having arrived at this pinnacle of successful performance and having put in place a comprehensive plan for future performance, I wish to express my wholehearted gratitude to all the shareholders for the confidence they have reposed in the Company and its strength.

To celebrate the occasion, the Board has proposed a dividend of 15% for the year. Once again, I thank all of you for your wholehearted support.

Yours sincerely,

Chairman



Board of Directors

(As at 27-07-2007)

R. K. Agarwal
Chairman

M. P. Dhanuka
Executive Director (Marketing)

S. L. Agarwal
Managing Director

Sujit Sen
Director

S. M. Agarwal
Executive Director

K. M. Panthaki
Director

Umesh Agarwal
Wholetime Director

Ashok Kumar
Director

Avinash Saraf
Director

Registered Office

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

Auditors

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

Bankers

The Thane Janata Sahakari Bank Ltd.
ICICI Bank Limited

Registrars & Share Transfer Agent

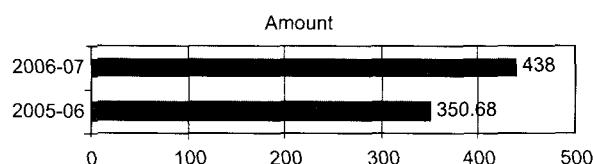
Sharepro Services India Pvt. Ltd.
'Satam Estate' Above Bank of Baroda
Chakala, Andheri (East), Mumbai-400 099



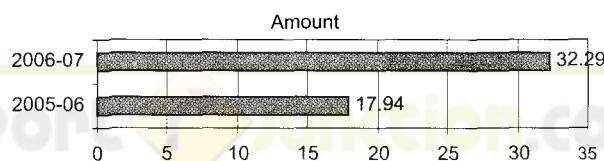
H

ighlights 2006-2007

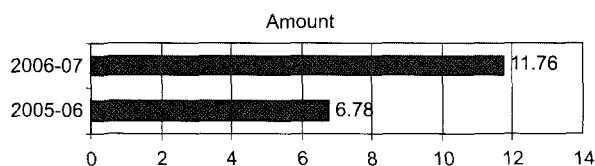
REVENUE (Rs. in million)



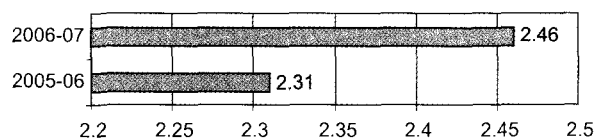
EBITDA (Rs. in million)



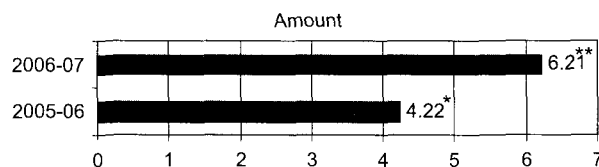
PAT (Rs. in million)



DEBT EQUITY (Ratio)



EPS (Rs)



(*) Restated EPS for the year 2005-06 to adjust for the effect of right issue

(**) Post increase in Capital from INR 5 million in 2005-06 to INR 24 million due to rights issue of equity shares in the ratio 4:1



Mission

Welding touches the life and lifestyles of all of us in one way or the other as it plays a vital role in all metal working industries. Our mission therefore is to continuously improve our products, processes and practices, besides bringing in innovations through in-house research and refinement. We will, as an on-going exercise, draw on the strengths of our associates abroad for high-tech products, processes and systems and adapt them to meet domestic demands. All these are aimed at to delight our customers beyond their expectations and heighten the shareholder value all the time. We shall make special efforts to keep employees happy besides all other publics who are impacted by our operations.

Vision

GEE Limited is a significant player in the welding industry in India. We look at the future with a lot of aspirations to get counted among the best in the world. Our vision is to make quantum jump in welding technology development and acquisitions, nurture them and lay them bare before the end users so that every welding site and shop floor will have the indelible imprint of GEE's name.



Change of Corporate Logo



In the old logo on the left, the silhouette of an electrode is used to join the letters G, E and E to give the message that the company is fully engaged in the business of welding electrodes. In a close review of the operations, the Board of Directors built up enough management prowess over a period of time to enter other industrial turfs. In other words core competency is not product based but embedded in formidable intellectual and knowledge acumen of the company. Thus the company is bent upon entering into other business segments while retaining its foundation in welding. This dual message is graphically produced in the new illustration. Here the logo incorporates a dynamic curve whose path ends with a luminescent welding spark. The two entities, viz., the curve and the spark naturally combine to form the "G" of GEE Ltd., in a modern and aesthetic manner. Then again in a very subtle manner the curve and the star suggest growth of a continuous nature. The new logo will replace the old one in a phased manner wherever the former appears and elsewhere too using good judgment.



New Plants



Kolkata Plant

This is our new greenfield electrode plant which is endowed with a rated capacity of 6,000 tons per annum. All the plants, machinery and support systems commissioned for the operation are the best in their class in terms of technology and finesse and are intelligently laid out so that they will ensure a seamless operation with maximum productivity. Besides it is closely and fully networked within and outside to avoid breakdown of any kind. The plant is ISO 9001: 2000 certified. The plant is already on stream. Electrodes in most of the categories will be extruded here to cater to specifically the eastern region and exports to South East Asia. Needless to say dealers and end-users will save on delivery time and freight element considerably.



Kalyan Plant

Our mother plant popularly known as the Thane Plant is being shifted to Kalyan, a few kilometers away. The new plant will go into production during the second quarter of current fiscal. Here the production capacity is being increased considerably. With the installation of a fully automatic flux batching system and packing line shortly, the plant is expected to be one of its kind in this part of the country.



Newly developed welding consumables

ELECTRODES AND FLUXES

GRIDUCT 100

A specially developed electrode for welding of DMR 249 A steel. Call it a grand success since Indian Navy has approved it for construction of its warships and other naval vessels and they propose to use it extensively. Also used for fabrication of LPG bullets etc.

GRINOX 2553

This electrode is particularly designed for welding of super duplex stainless steels. This non-synthetic electrode enjoys high performance rating from oil refineries and petrochemical plants across the country. Also used in pulp, paper and textile mills.

GEEFLUX 521

Newly developed highly basic submerged arc welding flux for welding of low alloy steel, grade: 249A. In use in building of Warships, Aircraft Carriers etc. where higher welding productivity is a priority. Only GEE brand has been approved so far.

GRICON GREEN (SPL) H4R

This vacuum packed electrode with moisture level controlled to a minimum level of 4ml is increasing in demand in shipyards. Recently we booked a high value export order from the Arabian Gulf.

GRIDUCT 60

A specially designed electrode for welding in power plants. Call it a breakthrough development as it has completely substituted and replaced all other brands in E7018-1 class, which have been in use for over the last thirty years or more by power plant industries.

GRIDUCT 200 AND GRIDUR 300

Two special types of electrodes used in combination for joining of rails. Electrodes give higher hardness in the last two layers and thus it safeguards the rails from wearing out, in other words an appreciably extended service life for rail joints.

GEMET 3200

A special formulation in the hard facing category of electrodes aimed for extensive use in the sugar and cement industries. The weld deposit gives more than 26% Cr and 4 % C to ensure that it is crack resistant in service.